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BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner

AZ CORP COMMISSION
DOCUMENT CONTROL

2004 AUG 18 A 8:49

RECEIVED

IN THE MATTER OF

INTERSECURITIES, INC.
570 Carillon Parkway
St. Petersburg, FL 33716-1202
CRD #16164

GREGORY RUSSELL BROWN and JANE
DOE RUSSELL, husband and wife
16417 South 15th Drive
Phoenix, AZ 85045
CRD #2233684

Respondents.

DOCKET NO. S-03482A-03-0000

INTERSECURITIES, INC.'S
MOTION FOR ISSUANCE OF
PREHEARING SUBPOENAS AND
REQUEST FOR EXPEDITED RULING

Arizona Corporation Commission
DOCKETED

AUG 18 2004

DOCKETED BY

CR

Respondent InterSecurities, Inc. ("ISI") hereby submits its Motion for Issuance of Prehearing Subpoenas and Request for Expedited Ruling and states as follows:

1. ISI seeks the issuance of prehearing subpoenas to obtain documents and information that relate directly to the issues raised in this proceeding. A true and correct copy of these subpoenas are attached hereto as Exhibit "A". Given the proximity of the final hearing, ISI respectfully requests expedited treatment of this motion. Specifically, ISI seeks documents and information from ETS Payphones, Inc. ("ETS"), Alpha Telcom, Inc. ("Alpha"), and Phoenix Telcom, Inc. ("Phoenix") (collectively "pay telephones"). These companies sold the pay telephones directly at issue in this case.

1 2. The Securities Division alleges that ISI failed to supervise its former registered
2 representative Gregory Brown in connection with the sale of pay telephones. Mr. Brown sold pay
3 telephones issued by ETS, Alpha, and Phoenix through his independent insurance company,
4 Financial Benefit Group, Inc. In addition, the Division alleges that the pay telephones were
5 securities and that ISI, along with Mr. Brown, offered and sold the pay telephones in violation of
6 the Arizona Securities Act.

7
8 3. ISI was not involved in the offer of sale of these products in any manner. ISI did
9 not provide any documents to pay telephone purchases. ISI did not receive any remuneration of
10 any kind from these sales and ISI did not benefit in any way from the telephone transactions. It
11 had absolutely no contact with Mr. Brown's customers regarding these products.

12 4. Because ISI had no involvement in the sales of these pay telephones, it is not in
13 possession of documents relating to these transactions. Notwithstanding ISI's lack of involvement,
14 the Division seeks to hold it responsible for the payphone sales. Accordingly, ISI needs the
15 subpoenaed documents to counter any allegations the Division makes regarding the underlying
16 sales. Further, ISI is entitled to such discovery as it may exculpate it on various issues for the
17 documents will surely show that Mr. Brown was acting as an agent for the subpoenaed companies
18 – not ISI.

19
20 5. Pursuant to A.R.S. § 41-1061:

21 The officer presiding at the hearing may cause to be issued
22 subpoenas for the attendance of witnesses and for the production of
23 books, records, documents and other evidence and shall have the
24 power to administer oaths...Prehearing depositions and subpoenas
25 for the production of documents may be ordered by the officer
26 presiding at the hearing, provided that the party seeking such
27 discovery demonstrates that the party has reasonable need of the
deposition testimony and materials being sought.

A.R.C § 41-1061 (A)(4).

1 6. As such, ISI seeks the issuance of these subpoenas to obtain documents from the
2 pay telephone companies relating to Mr. Brown and his customers. These documents are the
3 subject of this proceeding, and as such, are completely relevant to the issues raised this proceeding.
4 Such documents are also reasonably calculated to lead to the discovery of admissible evidence.
5 Accordingly, ISI has a reasonable and legitimate need for these documents.


6 7. For the foregoing reasons, ISI respectfully requests that the Administrative Law
7 Judge issue the subpoenas attached hereto.

8
9 RESPECTFULLY SUBMITTED this 17th day of August, 2004.

10 FOWLER WHITE BOGGS BANKER P.A.
11 Burton W. Wiand
12 501 East Kennedy Blvd., Suite 1700
13 Tampa, Florida 33602

14 AND

15 BADE & BASKIN PLC

16 By 
17 Alan S. Baskin
18 80 East Rio Salado Parkway, Suite 515
19 Phoenix, Arizona 85004

20 Attorneys for Respondent
21 InterSecurities, Inc.
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27

1 ORIGINAL and thirteen copies of the foregoing
2 hand-delivered this 17th day of August, 2004 to:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, AZ 85007

7 COPY of the foregoing hand-delivered
8 this 17th day of August, 2004 to:

9 Matthew Neubert
10 Director of Securities
11 Securities Division
12 Arizona Corporation Commission
13 1300 W. Washington Street
14 Phoenix, AZ 85007

15 Marc Stern
16 Administrative Law Judge
17 Arizona Corporation Commission
18 1200 W. Washington Street
19 Phoenix, AZ 85007

20 COPY of the foregoing mailed
21 this 17th day of August, 2004 to:

22 Pamela Johnson
23 Securities Division
24 Arizona Corporation Commission
25 1300 W. Washington, 3rd Floor
26 Phoenix, AZ 85007

27 Brian J. Schulman
Greenberg Traug, LLP
2375 E. Camelback Road
Suite 700
Phoenix, AZ 85016-9000
Attorneys for Gregory Russell Brown
and Karen Brown

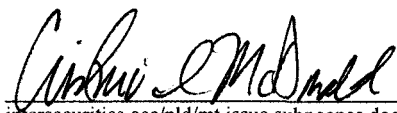

intersecurities.acc/pld/mt issue subpoenas.doc

EXHIBIT A

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BEFORE THE ARIZONA CORPORATION COMMISSION

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Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF

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570 Carillon Parkway
St. Petersburg, FL 33716-1202
CRD #16164

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DOE RUSSELL, husband and wife
16417 South 15th Drive
Phoenix, AZ 85045
CRD #2233684

Respondents.

DOCKET NO. S-03482A-03-0000

**ADMINISTRATIVE SUBPOENA DUCES
TECUM**

TO: Thomas F. Lennon, Receiver
Alpha Telcom, Inc.
7777 Alavardo Road, Suite 712
La Mesa, CA 91941
Facimile: 619-465-9288

Pursuant to A.A.C. R14-3-109(O), it is ordered that you produce the documents listed on attached Exhibit "A."

DATE OF PRODUCTION:	August 12, 2004
PLACE OF PRODUCTION:	Fowler White Boggs Banker P.A. 501 East Kennedy Boulevard Suite 1700 Tampa, Florida 33602

YOU ARE COMMANDED to produce the documents listed on attached Exhibit "A."

1 YOU HAVE BEEN SUBPOENAED BY: InterSecurities, Inc.
2 c/o Burton W. Wiand, Esq.
3 Michael S. Lamont, Esq.
4 Fowler White Boggs Banker P.A.
5 501 East Kennedy Boulevard, Suite 1700
6 Tampa, Florida 33602

7 Disobedience of this subpoena duces tecum constitutes contempt of the Arizona
8 Corporation Commission and is so punishable, pursuant to A.R.S. §§ 40-424.

9 Given under the hand and seal of the Arizona Corporation Commission this ____ day of
10 _____, 2004.

11 _____
12 Brian C. McNeil, Executive Secretary
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DEFINITIONS

A. The name "Alpha Telcom, Inc." shall refer to Alpha Telcom, Inc. and its affiliates, joint ventures, present and former employees and agents, and all other persons acting on its behalf or at its direction or control, including its representatives and attorneys.

B. The term "document" or "documents" as used herein means all writings of any nature whatsoever within the possession, custody or control of Alpha Telcom or of any agent, employee, representative (including, without limitation, attorneys and accountants), or other person acting or purporting to act for or on behalf of Alpha Telcom, or in concert with it, including, but not limited to, contracts, agreements, communications, correspondence, telegrams, memoranda, records, reports, books, summaries or records of telephone conversations, summaries or records of personal conversations or interviews, diaries, forecasts, statistical statements, work records, minutes or records of meetings of conferences, consultants; reports, appraisals, notes, marginal notations, bills, invoices, checks, photographs, lists, journals, advertising, computer tapes, disks and cards and all other written, printed, recorded or photographic matter or sound reproductions, however produced or reproduced.

For purposes of the foregoing, "drafts" means any earlier, preliminary, preparatory or tentative version of all or part of a document, whether or not the terms of the draft are the same as or different from the terms of the final document, and the term "copies" means all copies of any documents which are not identical in every respect with the documents being produced.

C. The singular shall include the plural and the past tense shall include the present tense, and vice versa; the words "and" and "or" shall be both conjunctive or disjunctive; the word "all" means "any and all"; the word "any" means "any and all"; the word "including" means "including without limitations"; the word "he" or any other masculine pronoun includes any individual regardless of sex.

INSTRUCTIONS

1. Unless otherwise specified, the time period covered by this Request is from January 1, 1997, to the present, and documents which have been created prior to January, 1997, but which have been used in Alpha Telcom's business since that time that relate to the specified matters shall be produced in response to this request.

2. You are requested to produce documents as they are kept in the usual course of business or the documents shall be organized and labeled to correspond with the categories in this Request. In addition, documents are to be produced in full and unexpurgated form; redacted documents will not constitute compliance with this Request.

3. If any documents covered by this Request are withheld by reason of a claim of privilege, a list is to be furnished at the time that documents are produced identifying any such document for which the privilege is claimed together with the following information with respect to any such document withheld: author; recipient; sender; indicated or blind copies; date; general subject

1 matter; basis on which the privilege is claimed and the paragraph of this Request to which such
2 document relates.

3 4. In the event that any document called for by this Request has been destroyed, lost,
4 discarded or otherwise disposed of, any such document is to be identified as completely as
5 possible, including, without limitation, the following information: date of disposal, manner of
6 disposal, reason for disposal, person authorizing the disposal and person disposing of the
7 document.

8 5. This Request is intended to include all documents including drafts and copies of such
9 documents in the possession, custody or control of Alpha Telecom wherever located.

10 6. If you fail to comply with this Subpoena, you may be in contempt. You are subpoenaed
11 by the undersigned attorney and unless excused from this Subpoena by the undersigned attorney
12 you shall respond as directed.
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EXHIBIT A

REQUESTED DOCUMENTS

All documents of any kind or nature that relate to, refer, reflect, or involve:

1. Any business contracts or dealings with Alpha Telcom and InterSecurities, Inc.;
2. Any Financial Statements for Alpha Telcom, Inc. or any of its affiliates;
3. Any opinions of counsel with respect to whether Alpha Telcom is a security;
4. All documents reflecting, evidencing, or relating to payments and/or distributions received or made in connection with any sale of Alpha Telcom to any of the purchasers listed on Exhibit B;
5. All documents reflecting, evidencing, or relating to any monies paid to InterSecurities, Inc.
6. All sales literature, brochures, flyers and/ or due diligence materials used or prepared for Alpha Telcom.
7. Any business approval documentation, licenses, applications, and/or recommendations for the solicitation of Alpha Telcom.
8. All documents from the Federal Trade Commission relating to Alpha Telcom or any related marketing firm.
9. All documents submitted to the Federal Trade Commission.
10. All documents relating to Alpha Telcom's efforts to receive approval from any state or regulatory body as a business opportunity.
11. All documents relating to any of the purchasers identified on Exhibit B.
12. All documents relating to InterSecurities, Inc.

EXHIBIT B

1
2 Acker, Mary
3 Acker, Sylvester
4 Attardo, Sam
5 Baker, Evelyn
6 Ballus, Clifford
7 Bard, Mary
8 Barrese, Alex
9 Bell, James
10 Bell, Marian
11 Brown, David
12 Cinnamon, Ruth
13 Cregut, Elene
14 Dean, Janet
15 Dinon, Mildred
16 Dobson, Mary E.
17 Dorr, Ruth
18 Doyle, Carole
19 Eschiruth, Walter
20 Fink, Ernest
21 Foreman, Willard
22 Gamaigard, Luella
23 Gamaigard, Robert
24 Gordon, Delores
25 Gladney, Virgil
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- 1 Grant, Arlene
- 2 Hillsten, Don
- 3 Hoffman, Rex
- 4 Jennings, Elissa
- 5 Johnson, Loretta
- 6 Kuhman, Paul
- 7 Kusek, Florence
- 8 Machnicki, Ray
- 9 Maramonte, Jimmie
- 10 Mastergeorge, Elsie
- 11 McCune, Nina
- 12 McMaster, Fern
- 13 Mills, Lowell
- 14 Olesberg, Albert
- 15 Olesberg, Dorothy
- 16 Pezutte, Edward
- 17 Pohlen, Michael
- 18 Reed, Violette
- 19 Reichel, Donna
- 20 Richardson, Jerry
- 21 Richardson, Verlayne
- 22 Sachtjen, Doris
- 24 Saulmon, Janice
- 25 Stewart, Patsy
- 26 Thompson, Harry
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16417 South 15th Drive
Phoenix, AZ 85045
CRD #2233684

Respondents.

DOCKET NO. S-03482A-03-0000

**ADMINISTRATIVE SUBPOENA DUCES
TECUM**

TO: ETS Payphones, Inc.
c/o National Registered Agents, Inc.
3761 Venture Drive
Duluth, GA 30096
Facimile: 800-815-0477

Pursuant to A.A.C. R14-3-109(O), it is ordered that you produce the documents listed on attached Exhibit "A."

DATE OF PRODUCTION:	August 12, 2004
PLACE OF PRODUCTION:	Fowler White Boggs Banker P.A. 501 East Kennedy Boulevard Suite 1700 Tampa, Florida 33602

YOU ARE COMMANDED to produce the documents listed on attached Exhibit "A."

1 YOU HAVE BEEN SUBPOENAED BY: InterSecurities, Inc.
2 c/o Burton W. Wiand, Esq.
3 Michael S. Lamont, Esq.
4 Fowler White Boggs Banker P.A.
5 501 East Kennedy Boulevard, Suite 1700
6 Tampa, Florida 33602

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8 Corporation Commission and is so punishable, pursuant to A.R.S. §§ 40-424.

9 Given under the hand and seal of the Arizona Corporation Commission this ____ day of
10 _____, 2004.

11 _____
12 Brian C. McNeil, Executive Secretary
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DEFINITIONS

A. The name "ETS Payphones, Inc." shall refer to ETS Payphones, Inc. and its affiliates, joint ventures, present and former employees and agents, and all other persons acting on its behalf or at its direction or control, including its representatives and attorneys.

B. The name "Phoenix Telecom, L.L.C." shall refer to Phoenix Telecom, L.L.C. and all its affiliates, joint ventures, present and former employees and agents, and all other persons acting on its behalf or at its direction or control, including its representatives and attorneys.

C. The term "document" or "documents" as used herein means all writings of any nature whatsoever within the possession, custody or control of ETS Payphones or of any agent, employee, representative (including, without limitation, attorneys and accountants), or other person acting or purporting to act for or on behalf of ETS Payphones, or in concert with it, including, but not limited to, contracts, agreements, communications, correspondence, telegrams, memoranda, records, reports, books, summaries or records of telephone conversations, summaries or records of personal conversations or interviews, diaries, forecasts, statistical statements, work records, minutes or records of meetings of conferences, consultants; reports, appraisals, notes, marginal notations, bills, invoices, checks, photographs, lists, journals, advertising, computer tapes, disks and cards and all other written, printed, recorded or photographic matter or sound reproductions, however produced or reproduced.

For purposes of the foregoing, "drafts" means any earlier, preliminary, preparatory or tentative version of all or part of a document, whether or not the terms of the draft are the same as or different from the terms of the final document, and the term "copies" means all copies of any documents which are not identical in every respect with the documents being produced.

D. The singular shall include the plural and the past tense shall include the present tense, and vice versa; the words "and" and "or" shall be both conjunctive or disjunctive; the word "all" means "any and all"; the word "any" means "any and all"; the word "including" means "including without limitations"; the word "he" or any other masculine pronoun includes any individual regardless of sex.

INSTRUCTIONS

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1 3. If any documents covered by this Request are withheld by reason of a claim of
2 privilege, a list is to be furnished at the time that documents are produced identifying any such
3 document for which the privilege is claimed together with the following information with respect
4 to any such document withheld: author; recipient; sender; indicated or blind copies; date; general
5 subject matter; basis on which the privilege is claimed and the paragraph of this Request to which
6 such document relates.

7 4. In the event that any document called for by this Request has been destroyed, lost,
8 discarded or otherwise disposed of, any such document is to be identified as completely as
9 possible, including, without limitation, the following information: date of disposal, manner of
10 disposal, reason for disposal, person authorizing the disposal and person disposing of the
11 document.

12 5. This Request is intended to include all documents including drafts and copies of
13 such documents in the possession, custody or control of ETS Payphones wherever located.

14 6. If you fail to comply with this Subpoena, you may be in contempt. You are
15 subpoenaed by the undersigned attorney and unless excused from this Subpoena by the
16 undersigned attorney, you shall respond as directed.
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EXHIBIT A

REQUESTED DOCUMENTS

All documents of any kind or nature that relate to, refer, reflect, or involve:

1. Any business contracts or dealings with ETS and InterSecurities, Inc.
2. Any business contracts or dealings with Phoenix and InterSecurities, Inc.
3. All Financial Statements for ETS, Phoenix or any of its affiliates.
4. All opinions of counsel with respect to whether ETS or Phoenix is a security.
5. All documents reflecting, evidencing, or relating to any payments and/or distributions received or made in connection with any sale of ETS to any of the pay telephone purchasers listed on Exhibit B.
6. All documents reflecting, evidencing, or relating to any payments and/or distributions received or made in connection with any sale of Phoenix to any of the pay telephone purchasers listed on Exhibit B.
7. All documents reflecting, evidencing, or relating to any monies paid to InterSecurities, Inc.
8. All sales literature, including but not limited to, brochures, flyers and/ or due diligence materials used or prepared for ETS or Phoenix.
9. Any business approval documentation, licenses, applications, and/or recommendations for the solicitation of ETS Payphones or Phoenix.
10. All documents from the Federal Trade Commission relating to ETS Payphones and/or Phoenix or any related marketing firm.
11. All documents submitted to the Federal Trade Commission.
12. All documents relating to ETS and/or Phoenix's efforts to receive approval from any state or other regulatory body as a business opportunity.
13. All documents relating to any of the pay telephone purchasers identified on Exhibit B.
14. All documents relating to InterSecurities, Inc.

EXHIBIT B

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DOE RUSSELL, husband and wife
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CRD #2233684

Respondents.

DOCKET NO. S-03482A-03-0000

**ADMINISTRATIVE SUBPOENA DUCES
TECUM**

TO: William Hays, Jr., Receiver
Phoenix Telcom, Inc.
1100 Spring St. NW
Atlanta, GA 30309
Facimile: 404-881-6333

Pursuant to A.A.C. R14-3-109(O), it is ordered that you produce the documents listed on attached Exhibit "A."

DATE OF PRODUCTION:

August 12, 2004

PLACE OF PRODUCTION:

Fowler White Boggs Banker P.A.
501 East Kennedy Boulevard
Suite 1700
Tampa, Florida 33602

YOU ARE COMMANDED to produce the documents listed on attached Exhibit "A."

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2 A. The name "ETS Payphones, Inc." shall refer to ETS Payphones, Inc. and its
3 affiliates, joint ventures, present and former employees and agents, and all other persons acting on
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4 B. The name "Phoenix Telecom, L.L.C." shall refer to Phoenix Telecom, L.L.C. and
5 all its affiliates, joint ventures, present and former employees and agents, and all other persons
acting on its behalf or at its direction or control, including its representatives and attorneys.

6 C. The term "document" or "documents" as used herein means all writings of any
7 nature whatsoever within the possession, custody or control of ETS Payphones or of any agent,
8 employee, representative (including, without limitation, attorneys and accountants), or other
9 person acting or purporting to act for or on behalf of ETS Payphones, or in concert with it,
10 including, but not limited to, contracts, agreements, communications, correspondence, telegrams,
11 memoranda, records, reports, books, summaries or records of telephone conversations, summaries
12 or records of personal conversations or interviews, diaries, forecasts, statistical statements, work
records, minutes or records of meetings of conferences, consultants; reports, appraisals, notes,
marginal notations, bills, invoices, checks, photographs, lists, journals, advertising, computer
tapes, disks and cards and all other written, printed, recorded or photographic matter or sound
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or different from the terms of the final document, and the term "copies" means all copies of any
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11 document.

12 5. This Request is intended to include all documents including drafts and copies of
13 such documents in the possession, custody or control of ETS Payphones wherever located.

14 6. If you fail to comply with this Subpoena, you may be in contempt. You are
15 subpoenaed by the undersigned attorney and unless excused from this Subpoena by the
16 undersigned attorney, you shall respond as directed.

EXHIBIT A

REQUESTED DOCUMENTS

All documents of any kind or nature that relate to, refer, reflect, or involve:

1. Any business contracts or dealings with ETS and InterSecurities, Inc.
2. Any business contracts or dealings with Phoenix and InterSecurities, Inc.
3. All Financial Statements for ETS, Phoenix or any of its affiliates.
4. All opinions of counsel with respect to whether ETS or Phoenix is a security.
5. All documents reflecting, evidencing, or relating to any payments and/or distributions received or made in connection with any sale of ETS to any of the pay telephone purchasers listed on Exhibit B.
6. All documents reflecting, evidencing, or relating to any payments and/or distributions received or made in connection with any sale of Phoenix to any of the pay telephone purchasers listed on Exhibit B.
7. All documents reflecting, evidencing, or relating to any monies paid to InterSecurities, Inc.
8. All sales literature, including but not limited to, brochures, flyers and/ or due diligence materials used or prepared for ETS or Phoenix.
9. Any business approval documentation, licenses, applications, and/or recommendations for the solicitation of ETS Payphones or Phoenix.
10. All documents from the Federal Trade Commission relating to ETS Payphones and/or Phoenix or any related marketing firm.
11. All documents submitted to the Federal Trade Commission.
12. All documents relating to ETS and/or Phoenix's efforts to receive approval from any state or other regulatory body as a business opportunity.
13. All documents relating to any of the pay telephone purchasers identified on Exhibit B.
14. All documents relating to InterSecurities, Inc.

EXHIBIT B

- 1
- 2 Acker, Mary
- 3 Acker, Sylvester
- 4 Attardo, Sam
- 5 Baker, Evelyn
- 6 Ballus, Clifford
- 7 Bard, Mary
- 8 Barrese, Alex
- 9 Bell, James
- 10 Bell, Marian
- 11 Brown, David
- 12 Cinnamon, Ruth
- 13 Cregut, Elene
- 14 Dean, Janet
- 15 Dinon, Mildred
- 16 Dobson, Mary E.
- 17 Dorr, Ruth
- 18 Doyle, Carole
- 19 Eschiruth, Walter
- 20 Fink, Ernest
- 21 Foreman, Willard
- 22 Gamaigard, Luella
- 23 Gamaigard, Robert
- 24 Gordon, Delores
- 25 Gladney, Virgil
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- 1 Grant, Arlene
- 2 Hillsten, Don
- 3 Hoffman, Rex
- 4 Jennings, Elissa
- 5 Johnson, Loretta
- 6 Kuhman, Paul
- 7 Kusek, Florence
- 8 Machnicki, Ray
- 9 Maramonte, Jimmie
- 10 Mastergeorge, Elsie
- 11 McCune, Nina
- 12 McMaster, Fern
- 13 Mills, Lowell
- 14 Olesberg, Albert
- 15 Olesberg, Dorothy
- 16 Pezutte, Edward
- 17 Pohlen, Michael
- 18 Reed, Violette
- 19 Reichel, Donna
- 20 Richardson, Jerry
- 21 Richardson, Verlayne
- 22 Sachtjen, Doris
- 23 Saulmon, Janice
- 24 Stewart, Patsy
- 25 Thompson, Harry
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2	Trafficanti, R.
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